Vangsgaard A/S
Måløv Teknikerby 2
2760 Måløv

Telephone 88 88 30 30
www.vangsgaard.dk

Vangsgaard A/S

Annual report 2015

The annual report was presented and approved at the Company's annual general meeting

on ______________________________ 20____

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chairman

CVR no. 15 13 44 88

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Vangsgaard A/S for the financial year 1 January - 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the result of the Company's operations for the financial year 1 January - 31 December 2015.

In our opinion, the Management's review includes a fair review of the development in the Company's operations and financial conditions, the results for the year and the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Måløv, 9 March 2016

Executive Board

Jesper Christensen	René Rafn Hansen	Anders Vangsgaard

Board of Directors

Håkan Peter Follin Chairman	René Rafn Hansen Deputy Chairman	Sophia Katarina Hemstad

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen
Denmark

Telephone 70707760
www.kpmg.com/dk
CVR-no. 25 57 81 98

Independent auditor's report

To the shareholder of Vangsgaard A/S

Independent auditor's report on the financial statements

We have audited the financial statements of Vangsgaard A/S for the financial year 1 January - 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

KPMG

Independent auditor's report

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 9 March 2016

KPMG
Statsautoriseret Revisionspartnerselskab

Casper Garrelts
State Authorised
Public Accountant

Management's review

Company details

Company	Vangsgaard A/S Måløv Teknikerby 2 2760 Måløv Denmark	
	Telephone:	+45 8888 3030
	Fax:	+45 4453 0080
	E-mail:	info@vangsgaard.dk
	Website:	www.vangsgaard.dk
	CVR no.:	15 13 44 88
	Financial year:	1 January - 31 December
	Incorporated:	1 January 1991
	Registered office:	Ballerup
Board of Directors	Håkan Peter Follin, Chairman René Rafn Hansen, Deputy Chairman Sophia Katarina Hemstad	
Executive Board	Jesper Christensen René Rafn Hansen Anders Vangsgaard	
Auditor	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 Copenhagen Denmark	
General meeting	The annual general meeting is held on 9 March 2016 at the Company's address.	

Management's review

Financial highlights

Seen over a five-year period, the development of the Company can be described by the following financial highlights:

	2015	2014	2013	2012	2011
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit	62,508	53,085	64,409	54,720	49,402
Operating profit	13,168	6,298	14,931	8,993	5,999
Net financials	70	-179	70	401	413
Net profit for the year	9,991	4,526	11,061	7,023	4,695
Balance sheet total	70,485	54,148	64,779	49,402	42,929
Investment in property, plant and equipment	1,547	4,569	1,147	4,235	2,815
Equity	21,786	21,796	25,270	24,549	21,612
Ratios					
Solvency ratio	30.91%	40.25%	39.01%	49.69%	50.34%
Return on equity	45.85%	19.23%	44.40%	30.43%	21.81%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's review

Operating review
Core activity

Vangsgaard A/S is the leading Danish company in the field of branding and visual communication and is a part of the Brand Factory Group with an annual revenue of approximately SEK 800.000 thousand and close to 500 employees in the Nordic countries.

Development in the year

The Company's income statement for the year ended 31 December 2015 showed a profit of DKK 9,991 thousand, and the Company's balance sheet at 31 December 2015 showed equity of DKK 21,786 thousand.

The results are very satisfactory and meet expectations for the year.

Uncertainty relating to recognition and measurement

Recognition and measurement in the annual report have not been subject to any uncertainty.

Expected development

Management's expectations for the coming year are activity and results close to the year before.

Subsequent events

There are no important events after the reporting period which may affect the assessment of the financial position at 31 December 2015.

Financial statements 1 January - 31 December

Accounting policies

The annual report of Vangsgaard A/S for 2015 has been prepared in accordance with the provisions applying to medium-sized enterprises of reporting class C under the Danish Financial Statements Act.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared as the cash flow statement is included in the consolidated financial statements of Brand Factory Group AB.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Revenue

Revenue is recognised in the income statement when delivery and transfer of risk have taken place before year end. Revenue is measured at fair value excluding VAT and including discounts granted.

Pursuant to section 32 of the Danish Financial Statements Act, the financial statement items revenue, cost of sales, other operating income and other external costs are aggregated in the item gross profit.

Expenses for raw materials and consumables

Expenses for raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income and expenses

Other operating income comprises items secondary to the activities of the Company, including gains or losses on the disposal of property, plant and equipment.

Other external costs

Other external costs comprise expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial statements 1 January - 31 December

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Development projects

Development costs comprise costs, wages and salaries as well as amortisation directly and indirectly attributable to the development activities of the Company.

Development costs that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well as development costs. Other development costs are recognised in the income statement when incurred.

On initial recognition, development costs recognised in the balance sheet are measured at cost and subsequently at cost less accumulated amortisation and impairment losses. Development projects in progress are not amortised.

After the completion of the development work, development costs are amortised on a straight-line basis over the estimated economic lives. The amortisation period is usually 3 years.

Gains and losses on the disposal of development projects are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in other operating income and expenses, respectively, in the income statement.

Financial statements 1 January - 31 December

Accounting policies

Goodwill

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Goodwill is amortised over the estimated economic life determined based on Management's experience. Goodwill is amortised on a straight-line basis over the amortisation period, which is 5 years.

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. The basis of depreciation is cost less any projected residual values after the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub suppliers as well as wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is made on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Plant and machinery	3-5	years
Fixtures and fittings, tools and equipment	3-5	years

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in other operating income and expenses, respectively, in the income statement.

Leases

Leases for non-current assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated in accordance with the Company's tangible assets policy.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Financial statements 1 January - 31 December

Accounting policies

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contingencies, etc.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. A write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast cash flows from the use of the asset or the group of assets.

Investments

Other receivables are recognised as non-current assets and comprise loans and lease deposits, which usually corresponds to norminal value. When the carrying amount exceeds the recoverable amount, write-down is made to this lower amount.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Financial statements 1 January - 31 December

Accounting policies

A write-down is made for bad debt losses when there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate of the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

When acquiring treasury shares, the cost is recognised directly in equity as retained earnings. Subsequent changes to the value of treasury shares compared to cost are not recognised in the financial statements. Dividends and sales amounts received in connection with disposals are also recognised directly in equity.

Prepayments received from customers

Prepayments received from customers comprises payments received relating to income in subsequent years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax value, deferred tax is measured based on the intended use of the asset or settlement of the liability, respectively.

Financial statements 1 January - 31 December

Accounting policies

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any net deferred tax assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Liabilities other than provision

Financial liabilities are recognised at the date of borrowing at the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also comprise the capitalised residual lease obligation related to finance leases.

Other liabilities are measured at net realisable value, corresponding to nominal value.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements are recognised in the income statement as financial income or financial expenses.

Financial Highlights overview

Explained key figures.

Solvency ratio	Equity at year end x 100 / Total assets
Return on equity	Net profit for the year x 100 / Average equity

Financial statements 1 January - 31 December

Income statement

	Note	2015	2014
		DKK'000	DKK'000
Gross profit		**62,508**	**53,085**
Staff costs	1	-46,967	-44,416
Depreciation and amortisation		-2,373	-2,371
Operating profit		**13,168**	**6,298**
Financial income	2	534	138
Financial expenses	3	-464	-317
Profit before tax		**13,238**	**6,119**
Tax on profit for the year	4	-3,247	-1,593
Profit for the year		**9,991**	**4,526**

Proposed profit appropriation

Proposed dividend for the year		0	10,000
Retained earnings		9,991	-5,474
		9,991	**4,526**

Financial statements 1 January - 31 December

Balance Sheet

	Note	2015	2014
		DKK'000	DKK'000
Assets			
Development projects		88	223
Goodwill		61	139
Intangible assets	5	**149**	**362**
Plant and machinery		5,254	6,097
Fixtures and fittings, tools and equipment		250	439
Property, plant and equipment	6	**5,504**	**6,536**
Other receivables	7	785	739
Investments		**785**	**739**
Non-current assets		**6,438**	**7,637**
Raw materials and consumables		1,695	1,691
Work in progress		2,011	2,164
Finished goods and goods for resale		4,834	3,934
Inventories		**8,540**	**7,789**
Trade receivables		27,213	30,704
Receivables from group companies		24,924	6,122
Other receivables		558	801
Deferred tax asset		80	0
Prepayments		496	530
Receivables		**53,271**	**38,157**
Cash at bank and in hand		**2,236**	**565**
Total current assets		**64,047**	**46,511**
Total assets		**70,485**	**54,148**

Financial statements 1 January - 31 December

Balance sheet

	Note	2015	2014
		DKK'000	DKK'000
Equity and liabilities			
Share capital		1,000	1,000
Retained earnings		20,786	10,796
Proposed dividend for the year		0	10,000
Total equity	8	**21,786**	**21,796**
Provision for deferred tax		0	83
Total provisions		**0**	**83**
Lease obligations		2,484	2,232
Long-term debt	9	**2,484**	**2,232**
Current portion of non-current liabiliaties other than provisions	9	847	722
Other credit institutions		17,142	5,598
Prepayments received from customers		2,875	1,220
Trade payables		13,685	11,810
Payables to group companies		0	65
Corporation tax		1,223	608
Other payables		10,443	10,014
Short-term debt		**46,215**	**30,037**
Total debt		**48,699**	**32,269**
Total equity and liabilities		**70,485**	**54,148**
Contingent assets, liabilities and other financial obligations	11		
Related parties and ownership	12		
Deferred tax	10		

Financial statements 1 January - 31 December

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK'000	DKK'000	DKK'000	DKK'000
Equity at 1 January 2015	1,000	10,795	10,000	21,795
Ordinary dividend paid	0	0	-10,000	-10,000
Net profit for the year	0	9,991	0	9,991
Equity at 31 December 2015	**1,000**	**20,786**	**0**	**21,786**

Financial statements 1 January - 31 December

Notes

		2015	2014
		DKK'000	DKK'000
1	**Staff costs**		
	Wages and salaries	42,278	39,911
	Pensions	3,148	3,232
	Other social security costs	712	803
	Other staff costs	829	470
		46,967	**44,416**
	Including remuneration of the Board of Directors and the Executive Board:		
	Board of Directors	0	43
	Executive board	3,826	3,790
		3,826	**3,833**
	Average number of employees	100	106
2	**Financial income**		
	Interest received from group companies	531	131
	Other financial income	3	7
		534	**138**

		2015	2014
		DKK'000	DKK'000
3	**Financial expenses**		
	Other financial expenses	464	317
		464	**317**

Financial statements 1 January - 31 December

Notes

4 Tax on profit for the year

Current tax for the year	3,381	1,440
Deferred tax for the year	-163	103
Adjustment of tax concerning previous years	29	0
Adjustment of deferred tax concerning previous years	0	50
	3,247	**1,593**

5 Intangible assets

	Development projects	Goodwill	Total
	DKK'000	DKK'000	DKK'000
Cost at 1 January 2015	405	893	1,298
Additions for the year	0	0	0
Cost at 31 December 2015	405	893	1,298
Impairment losses and amortisation at 1 January 2015	182	753	935
Depreciation for the year	135	79	214
Impairment losses and amortisation at 31 December 2015	317	832	1,149
Carrying amount at 31 December 2015	**88**	**61**	**149**

Financial statements 1 January - 31 December

Notes

6 Property, plant and equipment

	Plant and machinery	Fixtures and fittings, tools and equipment	Total
	DKK'000	DKK'000	DKK'000
Cost at 1 January 2015	14,417	1,240	15,657
Additions for the year	1,547	0	1,547
Disposals for the year	-865	-30	-895
Cost at 31 December 2015	15,099	1,210	16,309
Impairment losses and depreciation at 1 January 2015	8,320	801	9,121
Depreciation for the year	1,971	189	2,160
Impairment and depreciation on sold assets for the year	-446	-30	-476
Impairment losses and depreciation at 31 December 2015	9,845	960	10,805
Carrying amount at 31 December 2015	**5,254**	**250**	**5,504**

Finance leases included above in plant and machinery have a carrying amount of DKK 3,462 thousand (2014: DKK 2,766 thousand).

7 Financial assets

	Other receiv-ables
	DKK'000
Cost at 1 January 2015	739
Additions for the year	46
Cost at 31 December 2015	785
Carrying amount at 31 December 2015	**785**

Financial statements 1 January - 31 December

Notes

8 Equity

The share capital consists of 1,000 shares of a nominal value of DKK 1,000 each. No shares carry any special rights.
Changes in the share capital in the past five years comprise the following:

In the financial year 2013, the Company issued treasury shares of nom. DKK 210,000.

In the financial year 2013, the Company repurchased shares from former shareholders at nom. DKK 150,000.

In the financial year 2012, the Company repurchased shares from former shareholders at nom. DKK 20,000.

In the financial year 2010, the Company repurchased shares from former shareholders at nom. DKK 20,000.

9 Non-current liabilities other than provisions

	Outstanding as at 1 January 2015	Debt at 31 December 2015	Due within 2-5 year	Due after 5 years
	DKK'000	DKK'000	DKK'000	DKK'000
Lease obligations	2,232	3,331	3,331	0
	2,232	**3,331**	**3,331**	**0**

10 Deferred tax

Deferred tax comprise deferred tax relating to inventories, intangible assets and property, plant and equipment.
Deferred tax is recognised at the tax rate expected to apply when the deferred tax is realised.

11 Contingent assets, liabilities and other financial obligations

The Company has entered into leases on production, office and storage premises with monthly lease payments totalling DKK 239 thousand. The remaining term of the leases is up to 96 months with a total nominal residual lease payment of DKK 20,194 thousand (2014: DKK 15,453 thousand).

The Company has entered into leases on cars and various equipment with monthly lease payments totaling DKK 192 thousand. The remaining term of the leases is up to 47 months with a total nominal residual lease payment of DKK 2,932 thousand (2014: DKK 1,599 thousand).

Financial statements 1 January - 31 December

Notes

11 Contingent assets, liabilities and other financial obligations (Continued)

Securities
As collateral for the Company's debt to credit institutions of DKK 11,254 thousand, the Company has issued a charge in the Company's trade receivables.

12 Related parties and ownership

Vangsgaard A/S' related parties comprise the following:

Controlling interest

Brand Factory Group AB, Fryksdalsbacken 40, S-12343 Farsta, Sweden

Other related parties comprise the other group companies, the Company's Management and the Board of Directors.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Brand Factory Group AB, Fryksdalsbacken 40, S-12343 Farsta, Sweden

www.brandfactory.se

The financial statements of Vangsgaard A/S are included in the consolidated financial statements of Brand Factory Group AB, which may be obtained from the Company.